

810 KAR 1:090. Kentucky Thoroughbred Development Fund.

RELATES TO: KRS 138.510, 230.225(5)(c), 230.400

STATUTORY AUTHORITY: KRS 230.400

NECESSITY, FUNCTION AND CONFORMITY: KRS 230.400 establishes the Kentucky Thoroughbred Development Fund and requires the Kentucky Horse Racing Commission to promulgate administrative regulations as may be necessary to carry out its provisions and purposes. This administrative regulation establishes standards for eligibility and the administration of payments from the Kentucky Thoroughbred Development Fund.

Section 1. Definitions. (1) "Applicant" means the qualified entity who registers the foal or horse with the KTDF official registrar.

(2) "Historical horse race handle" means monies wagered at a licensed Kentucky association on historical horse races as defined in 810 KAR 1:001, Section 1(30).

(3) "Intra-state wagering" means monies wagered at a Kentucky thoroughbred association on thoroughbred races conducted at another Kentucky association.

(4) "Inter-state wagering" means monies wagered from a Kentucky thoroughbred association on thoroughbred races conducted outside of Kentucky.

(5) "KTDF" means the Kentucky Thoroughbred Development Fund.

(6) "KTDF Advisory Committee" means the committee established by KRS 230.400(2) to advise and assist the KHRC in the development of a supplemental purse program pursuant to KRS 230.400(3)(a).

(7) "KTOB" means the Kentucky Thoroughbred Owners and Breeders, Inc.

(8) "Live racing handle" means the monies wagered by individuals present on association grounds on thoroughbred races physically conducted on association grounds.

(9) "Nonlive racing handle" means the monies wagered at an association located in Kentucky on thoroughbred races not physically conducted at the association's grounds.

(10) "Official Registrar" means the association recognized and designated as the sole official registrar of the KTDF for the purpose of registering Kentucky thoroughbred stallions and Kentucky bred thoroughbreds in accordance with KRS 230.400.

Section 2. KTDF Monies Earned. (1) One live thoroughbred association.

(a) Live racing handle. An association conducting live racing shall earn KTDF money to be deposited in the KTDF account for that association in the amount of 0.75 percent of the total live racing handle pursuant to KRS 138.510(1).

(b) Nonlive racing handle. An association conducting live racing shall earn KTDF money to be deposited in the KTDF account for that association in the amount of two (2) percent of the total nonlive racing handle pursuant to KRS 138.510(2).

(2) More than one (1) live thoroughbred association. Unless there is an agreement among the thoroughbred associations conducting live racing to the contrary, if two (2) or more thoroughbred associations are conducting live racing on the same day, the monies earned from the handle for that day shall be divided as provided by this subsection.

(a) The association conducting the live racing shall earn KTDF money to be deposited in the KTDF account for that association in the amount of 0.75 percent of that association's live racing handle pursuant to KRS 138.510(1).

(b) The Intra-state wagering monies shall be allocated to that Kentucky thoroughbred association on which the wagering is placed for purposes of calculating that association's KTDF earnings.

(c) Inter-state wagering monies originating from an association conducting live thoroughbred

racing shall be allocated to that association for purposes of calculating that association's KTDF earnings.

(d) Inter-State wagering monies from all other Kentucky associations shall be divided evenly among the associations conducting live racing.

(3) Historical horse race handle. An association offering wagering on historical horse races shall earn KTDF money to be deposited in the KTDF account for that association as provided by KRS 138.510(1).

Section 3. KTDF Reconciliation. (1) Each association shall file with the commission a copy of the pari-mutuel tax form filed with the Department of Revenue, along with a copy of the check submitted for each report. These reports shall be filed weekly.

(2) Each association shall report to the commission the actual KTDF purse distribution no later than fifteen (15) calendar days after the last day of a live race meeting.

(3) The commission shall on a monthly basis reconcile the weekly reports submitted by the association with the Department of Revenue's reports and deposits.

(4) If at the close of a live race meet, an association has a balance of monies earned for that meet which has not been distributed in actual KTDF purse distribution, then the association may choose one of the following options to distribute the remaining balance, subject to the recommendation of the KTDF Advisory Committee and the approval of the commission:

(a) Use KTDF monies previously earned to supplement purses at future live racing meets held by that association; or

(b) Use KTDF monies previously earned to supplement purses already distributed at the last live racing meet held by the association to the recipients of the original purse allocations.

(5) If at the close of a live race meet, an association offering wagering on historical horse races has a balance of KTDF monies earned from historical horse race wagers, which has not been distributed in actual KTDF purse distribution, then the association may choose one (1) of the following options to distribute a portion of the balance, subject to the recommendation of the KTDF Advisory Committee and the approval of the commission:

(a) Use the historical horse race KTDF monies previously earned to supplement purses at future live racing meets held by that association;

(b) Use historical horse race KTDF monies previously earned to supplement purses already distributed at the last live racing meet held by the association to the recipients of the original purse allocations; or

(c) Use historical horse race KTDF monies previously earned to supplement purses at another licensed thoroughbred Kentucky racetrack.

(6) Reasonable and customary administrative charges for time spent reconciling the KTDF account shall be charged to each association by the commission based on the percentage of funds generated by each association for the previous calendar year.

(7) An association, at its option, may pay advertising charges billed to the association by the KTOB from the association's KTDF available balance.

(8) Each association shall sign an agreement stating that it accepts and agrees with the reconciliation prior to reimbursement of any KTDF funds.

Section 4. Purse Structure. Each association shall submit its KTDF purse structure proposal to the KTDF Advisory Committee for approval at least forty-five (45) days prior to the opening day of the live racing meet. The KTDF Advisory Committee shall review the proposed purse structure and make a recommendation to the commission whether or not to approve the proposed purse structure based upon the best interests of Kentucky racing.

Section 5. Consent to Investigate by KTDF Applicants. The filing of a registration with the official registrar shall authorize the KTDF Advisory Committee and commission to investigate and verify information provided by the Applicant.

Section 6. Denial or Revocation of Registration. (1) The KTDF Advisory Committee may recommend to the commission to deny or revoke the registration of a horse to the KTDF if the Applicant:

(a) Provides the official registrar of the KTDF, the KTDF Advisory Committee, or the commission with incorrect, false, or misleading information concerning the registration of a foal or horse; or

(b) Violates this administrative regulation in any other manner.

(2) An applicant who provides incorrect, false, or misleading information concerning the registration of a foal or horse or violates this administrative regulation in any other manner shall be subject to the following penalties:

(a) Denial or revocation of the registration of the horse with the KTDF; or

(b) A bar of the applicant from registering foals or horses to the KTDF for a period of one (1) to five (5) years, based on the seriousness of the violation, beginning with the year in which the violation occurred.

(3) A second or subsequent violation of this administrative regulation may result in a lifetime bar of the applicant from being eligible to receive KTDF monies.

(4) The denial or revocation of the registration of a horse to the KTDF, and a bar of the applicant from registering foals or horses to the KTDF shall be subject to appeal and adjudication in accordance with 810 KAR 1:029 and KRS Chapter 13B. (34 Ky.R. 1328; Am. 1982; eff. 3-7-2008; 38 Ky.R. 848; 1139; eff. 1-6-2012; 41 Ky.R. 2371; 42 Ky.R. 36; eff. 7-31-2015.)